

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 7522

Investigation into Green Mountain Power Corporation's )  
tariff filing, requesting creation of a new large generation )  
facility station service rate, to take effect on a service- )  
rendered basis as of June 11, 2009 )

Order entered: 3/11/2010

**ORDER RE: REQUESTED MODIFICATION**

**I. INTRODUCTION**

On October 27, 2009, the Public Service Board ("Board") issued an Order re: Memorandum of Understanding, in which we approved a Memorandum of Understanding ("MOU") among the parties in this proceeding. On November 20, 2009, the Department of Public Service ("Department") filed a letter requesting that certain language be removed from the Hearing Officer's discussion. The Department represents that Green Mountain Power Corporation ("GMP"), Vermont Public Power Supply Authority, and the City of Burlington Electric Department ("BED") do not object to the proposed change.

In this Order, we grant the Department's request to modify our October 27 Order. As a separate matter, the issue of whether it is appropriate to exempt utility-owned or merchant-owned generators served under station service tariffs from paying the Energy Efficiency Charge ("EEC")<sup>1</sup> will be addressed during the review of Board Rule 5.300.

**II. DISCUSSION**

In our October 27 Order, we adopted the Hearing Officer's recommendation and granted BED's motion to exempt station service provided by GMP for the Joseph C. McNeil Generating

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1. The EEC is a volumetric charge to support energy efficiency programs provided by Vermont's statewide Energy Efficiency Utility ("EEU") that is assessed on electric bills throughout Vermont. Board Rule 5.303(B) states that all retail customers' electric bills shall be subject to the EEC, except bills for, among other items, "any service specifically exempted by Board Order, for good cause shown, with explicit reference to this Rule."

Station ("McNeil") from the EEC. The Order explains the rationale for exempting McNeil from the EEC:

Pursuant to 30 V.S.A. § 209(d), the EEC shall be used to support energy efficiency programs that meet the requirements of section 218c. The energy efficiency programs contemplated in section 218c and currently provided by the EEU are focused on end-use efficiency on the customer side of the meter. Generating facilities, as power suppliers, are not eligible for these programs. Since Station Service customers are not eligible to receive energy efficiency services funded by the EEC, there is good cause to exempt Station Service customers from paying the EEC. This was recognized by the Board in Rule 5.303(B) which specifically exempts certain retail customers' bills for Station Service from the EEC. The fact that GMP will now provide Station Service under a tariff rather than a special contract does not alter the underlying basis for the EEC exemption. Therefore, I recommend that the Board continue to exempt Station Service provided to McNeil from the EEC, pursuant to Board Rule 5.303(B).<sup>2</sup>

In its letter, the Department states that it respectfully disagrees with this reasoning. The Department asserts that "[a] generation station would be eligible for the energy efficiency services funded by the EEC if it is paying the EEC" and that "Rule 5.303(B) exempted certain special contracts for station service, but did not exempt all station service in general." The Department explains that its "rationale for agreeing to the EEC exemption for McNeil was mainly due to the fact that McNeil is owned by utilities who themselves are subject to the obligation to pursue all societally cost-effective demand-side management." The Department contends that "non-utility merchant generators should not be exempt from the EEC and also should be allowed to receive services from EVT [Efficiency Vermont]."

The Department is requesting that the Board alter the Order and remove portions of the language above so that the paragraph would read as follows:

Pursuant to 30 V.S.A. § 209(d), the EEC shall be used to support energy efficiency programs that meet the requirements of section 218c. In Rule 5.303(B), the Board specifically exempts certain retail customers, including McNeil, from the EEC. The fact that GMP will now provide Station Service under a tariff rather than a special contract does not alter the underlying basis for the EEC exemption. Therefore, I recommend that the Board continue to exempt Station Service provided to McNeil from the EEC, pursuant to Board Rule 5.303(B).

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2. Order at 4-6.

The Department states that this alteration "would provide a more accurate reflection of the parties' understanding of the rationale for exempting McNeil from the EEC."

The October 27 Order is modified to remove the language in question from the Hearing Officer's discussion. However, we are not adopting the Department's rationale as the basis for the modification at this time.

In the October 27 Order, we continued to exempt station service provided to McNeil from the EEC, pursuant to Board Rule 5.303(B). We recognize that exempting customers served under station service<sup>3</sup> tariffs from paying the EEC is a significant policy issue that could potentially impact other customers receiving power under a station service tariff in addition to BED.

Our determinations in Docket 7466 regarding changes to the structure of the Energy Efficiency Utility necessitate a review of Board Rule 5.300. The issue of whether it is appropriate to exempt utility-owned or merchant-owned generators served under station service tariffs from paying the EEC will be evaluated during the review of Board Rule 5.300. The general policy of whether station service customers should be exempt from paying the EEC will be codified in Rule 5.300 in the context of that rulemaking process.

**SO ORDERED.**

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3. Board Rule 5.302(Q) defines "Station Service" as electricity service provided to generating stations by an electric distribution utility at times when the generating station is not producing electricity for itself.

Dated at Montpelier, Vermont, this 11th day of March, 2010.

<u>s/ James Volz</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/ David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/ John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: March 11, 2010

ATTEST: s/ Susan M. Hudson  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: [psb.clerk@state.vt.us](mailto:psb.clerk@state.vt.us))*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*